



State of California

**DEPARTMENT
OF CHILD
SUPPORT
SERVICES
(DCSS)**

LOCAL ASSISTANCE ESTIMATES

**2001-02
GOVERNOR'S BUDGET**



CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



TO: RECIPIENTS OF THE NOVEMBER SUBVENTION BINDER FOR
2001-02 GOVERNOR'S BUDGET

FROM: ANNETTE SILER, CHIEF
Financial Planning Section

DATE: January 10, 2001

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the November 2000 local assistance estimates for the 2001-02 Governor's Budget for the California Department of Child Support Services (DCSS). The DCSS was established through Assembly Bill 196 (Chapter 478, Statutes of 1999) and Senate Bill 542 (Chapter 480, Statutes of 1999), effective January 1, 2000, to administer all services and perform all functions necessary to establish, collect, and distribute child support.

The Subvention Binder covers fiscal years 2000-01 and 2001-02. It provides the estimated costs and child support collections for the local child support agencies as well as the detailed methodology for each estimate.

The November 2000 Subvention Binder will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Financial Planning Section at (916) 464-5150.

Budget Item	2000-01 NOVEMBER ESTIMATE					2000-01 APPROPRIATIONS					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 101 CHILD SUPPORT PROGRAM COSTS	840,529	469,787	370,742	0	0	870,668	530,875	339,793	0	0	-30,139	-61,088	30,949	0	0
0															
2 Child Support Administration 10.01	824,644	408,405	157,668	258,571	0	857,123	459,729	126,719	270,675	0	-32,479	-51,324	30,949	-12,104	0
3 Local Child Support Agency Basic Costs	760,044	501,527	0	258,517	0	796,873	525,341	900	270,632	0	-36,829	-23,814	-900	-12,115	0
4 Administration	661,864	436,728	0	225,136	0	698,693	460,542	900	237,251	0	-36,829	-23,814	-900	-12,115	0
5 EDP M&O	98,180	64,799	0	33,381	0	98,180	64,799	0	33,381	0	0	0	0	0	0
6 EDP Conversion and Enhancements	29,336	17,462	11,874	0	0	28,997	19,138	9,859	0	0	339	-1,676	2,015	0	0
7 California Arrearage Management Project-County Costs	0	0	0	0	0	1,066	704	362	0	0	-1,066	-704	-362	0	0
8 Interim Access Federal Case Registry	1,552	1,024	528	0	0	1,552	1,024	528	0	0	0	0	0	0	0
9 Backfill Loss of FFP-County Automation	0	-3,496	3,496	0	0	0	-3,496	3,496	0	0	0	0	0	0	0
10 P.L. 105-200 Alternative Federal Penalty	0	-113,524	113,524	0	0	0	-101,563	101,563	0	0	0	-11,961	11,961	0	0
11 SACSS Closeout Audit	0	-17,000	17,000	0	0	0	0	0	0	0	0	-17,000	17,000	0	0
12 Compliance Review Project	4,538	2,995	1,543	0	0	4,441	2,931	1,510	0	0	97	64	33	0	0
13 State Investment Funds Project	1,465	967	458	40	0	1,465	967	458	40	0	0	0	0	0	0
14 Health Insurance Incentives	2,198	0	2,198	0	0	2,198	0	2,198	0	0	0	0	0	0	0
15 Noncustodial Parent Demonstration Project	2,894	1,910	984	0	0	2,894	1,910	984	0	0	0	0	0	0	0
16 San Mateo County NCP Demo Project	290	276	0	14	0	59	56	0	3	0	231	220	0	11	0
17 Local Agency Transitions	4,713	3,111	1,602	0	0	4,713	3,111	1,602	0	0	0	0	0	0	0
18 Partners For Fragile Families Demonstration Project	350	350	0	0	0	0	0	0	0	0	350	350	0	0	0
19 Foster Parent Training Fund	4,461	0	4,461	0	0	3,259	0	3,259	0	0	1,202	0	1,202	0	0
20 Title IV-E Child Support Collections	12,803	12,803	0	0	0	9,606	9,606	0	0	0	3,197	3,197	0	0	0
21 Child Support Incentives 10.02	1,159	46,656	213,074	-258,571	0	1,159	58,760	213,074	-270,675	0	0	-12,104	0	12,104	0
22 Basic Incentives	0	46,656	211,915	-258,571	0	0	58,760	211,915	-270,675	0	0	-12,104	0	12,104	0
23 Improved Collections Incentives (AB 196)	1,159	0	1,159	0	0	1,159	0	1,159	0	0	0	0	0	0	0
24 Child Support Automation 10.03	14,726	14,726	0	0	0	12,386	12,386	0	0	0	2,340	2,340	0	0	0
25 California Child Support Automation System	14,726	14,726	0	0	0	12,386	12,386	0	0	0	2,340	2,340	0	0	0

Budget Item	2001-02 GOVERNOR'S BUDGET					2000-01 APPROPRIATIONS					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 101 CHILD SUPPORT PROGRAM COSTS	996,869	541,734	455,135	0	0	870,668	530,875	339,793	0	0	126,201	10,859	115,342	0	0
0															
2 Child Support Administration 10.01	982,169	480,567	185,028	316,574	0	857,123	459,729	126,719	270,675	0	125,046	20,838	58,309	45,899	0
3 Local Child Support Agency Basic Costs	930,621	614,088	0	316,533	0	796,873	525,341	900	270,632	0	133,748	88,747	-900	45,901	0
4 Administration	827,532	546,049	0	281,483	0	698,693	460,542	900	237,251	0	128,839	85,507	-900	44,232	0
5 EDP M&O	103,089	68,039	0	35,050	0	98,180	64,799	0	33,381	0	4,909	3,240	0	1,669	0
6 EDP Conversion and Enhancements	16,475	10,874	5,601	0	0	28,997	19,138	9,859	0	0	-12,522	-8,264	-4,258	0	0
7 California Arrearage Management Project-County Costs	0	0	0	0	0	1,066	704	362	0	0	-1,066	-704	-362	0	0
8 Interim Access Federal Case Registry	249	164	85	0	0	1,552	1,024	528	0	0	-1,303	-860	-443	0	0
9 Backfill Loss of FFP-County Automation	0	-4,335	4,335	0	0	0	-3,496	3,496	0	0	0	-839	839	0	0
10 P.L. 105-200 Alternative Federal Penalty	0	-163,237	163,237	0	0	0	-101,563	101,563	0	0	0	-61,674	61,674	0	0
11 SACSS Closeout Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Compliance Review Project	4,653	3,071	1,582	0	0	4,441	2,931	1,510	0	0	212	140	72	0	0
13 State Investment Funds Project	1,465	967	458	40	0	1,465	967	458	40	0	0	0	0	0	0
14 Health Insurance Incentives	2,198	0	2,198	0	0	2,198	0	2,198	0	0	0	0	0	0	0
15 Noncustodial Parent Demonstration Project	2,243	1,480	763	0	0	2,894	1,910	984	0	0	-651	-430	-221	0	0
16 San Mateo County NCP Demo Project	24	23	0	1	0	59	56	0	3	0	-35	-33	0	-2	0
17 Local Agency Transitions	4,713	3,111	1,602	0	0	4,713	3,111	1,602	0	0	0	0	0	0	0
18 Partners For Fragile Families Demonstration Project	350	350	0	0	0	0	0	0	0	0	350	350	0	0	0
19 Foster Parent Training Fund	5,167	0	5,167	0	0	3,259	0	3,259	0	0	1,908	0	1,908	0	0
20 Title IV-E Child Support Collections	14,011	14,011	0	0	0	9,606	9,606	0	0	0	4,405	4,405	0	0	0
21 Child Support Incentives 10.02	1,159	47,626	270,107	-316,574	0	1,159	58,760	213,074	-270,675	0	0	-11,134	57,033	-45,899	0
22 Basic Incentives	0	47,626	268,948	-316,574	0	0	58,760	211,915	-270,675	0	0	-11,134	57,033	-45,899	0
23 Improved Collections Incentives (AB 196)	1,159	0	1,159	0	0	1,159	0	1,159	0	0	0	0	0	0	0
24 Child Support Automation 10.03	13,541	13,541	0	0	0	12,386	12,386	0	0	0	1,155	1,155	0	0	0
25 California Child Support Automation System	13,541	13,541	0	0	0	12,386	12,386	0	0	0	1,155	1,155	0	0	0

Budget Item	2001-02 GOVERNOR'S BUDGET					2000-01 NOVEMBER ESTIMATE					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 101 CHILD SUPPORT PROGRAM COSTS	996,869	541,734	455,135	0	0	840,529	469,787	370,742	0	0	156,340	71,947	84,393	0	0
2 Child Support Administration 10.01	982,169	480,567	185,028	316,574	0	824,644	408,405	157,668	258,571	0	157,525	72,162	27,360	58,003	0
3 Local Child Support Agency Basic Costs	930,621	614,088	0	316,533	0	760,044	501,527	0	258,517	0	170,577	112,561	0	58,016	0
4 Administration	827,532	546,049	0	281,483	0	661,864	436,728	0	225,136	0	165,668	109,321	0	56,347	0
5 EDP M&O	103,089	68,039	0	35,050	0	98,180	64,799	0	33,381	0	4,909	3,240	0	1,669	0
6 EDP Conversion and Enhancements	16,475	10,874	5,601	0	0	29,336	17,462	11,874	0	0	-12,861	-6,588	-6,273	0	0
7 California Arrearage Management Project-County Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Interim Access Federal Case Registry	249	164	85	0	0	1,552	1,024	528	0	0	-1,303	-860	-443	0	0
9 Backfill Loss of FFP-County Automation	0	-4,335	4,335	0	0	0	-3,496	3,496	0	0	0	-839	839	0	0
10 P.L. 105-200 Alternative Federal Penalty	0	-163,237	163,237	0	0	0	-113,524	113,524	0	0	0	-49,713	49,713	0	0
11 SACSS Closeout Audit	0	0	0	0	0	0	-17,000	17,000	0	0	0	17,000	-17,000	0	0
12 Compliance Review Project	4,653	3,071	1,582	0	0	4,538	2,995	1,543	0	0	115	76	39	0	0
13 State Investment Funds Project	1,465	967	458	40	0	1,465	967	458	40	0	0	0	0	0	0
14 Health Insurance Incentives	2,198	0	2,198	0	0	2,198	0	2,198	0	0	0	0	0	0	0
15 Noncustodial Parent Demonstration Project	2,243	1,480	763	0	0	2,894	1,910	984	0	0	-651	-430	-221	0	0
16 San Mateo County NCP Demo Project	24	23	0	1	0	290	276	0	14	0	-266	-253	0	-13	0
17 Local Agency Transitions	4,713	3,111	1,602	0	0	4,713	3,111	1,602	0	0	0	0	0	0	0
18 Partners For Fragile Families Demonstration Project	350	350	0	0	0	350	350	0	0	0	0	0	0	0	0
19 Foster Parent Training Fund	5,167	0	5,167	0	0	4,461	0	4,461	0	0	706	0	706	0	0
20 Title IV-E Child Support Collections	14,011	14,011	0	0	0	12,803	12,803	0	0	0	1,208	1,208	0	0	0
21 Child Support Incentives 10.02	1,159	47,626	270,107	-316,574	0	1,159	46,656	213,074	-258,571	0	0	970	57,033	-58,003	0
22 Basic Incentives	0	47,626	268,948	-316,574	0	0	46,656	211,915	-258,571	0	0	970	57,033	-58,003	0
23 Improved Collections Incentives (AB 196)	1,159	0	1,159	0	0	1,159	0	1,159	0	0	0	0	0	0	0
24 Child Support Automation 10.03	13,541	13,541	0	0	0	14,726	14,726	0	0	0	-1,185	-1,185	0	0	0
25 California Child Support Automation System	13,541	13,541	0	0	0	14,726	14,726	0	0	0	-1,185	-1,185	0	0	0

Budget Item	2000-01 NOVEMBER ESTIMATE					2000-01 INITIAL					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CHILD SUPPORT PROGRAM COLLECTIONS	2,100,088	362,152	350,320	38,807	1,348,809	1,980,700	318,985	290,075	31,876	1,339,764	119,388	43,167	60,245	6,931	9,045
2 Child Support Assistance Collections	751,279	362,152	350,320	38,807	0	640,936	318,985	290,075	31,876	0	110,343	43,167	60,245	6,931	0
3 Basic Collections	695,023	335,009	324,066	35,948	0	589,952	293,611	267,001	29,340	0	105,071	41,398	57,065	6,608	0
4 State Investment Funds Project	2,461	1,186	1,148	127	0	3,655	1,819	1,654	182	0	-1,194	-633	-506	-55	0
5 FTB NonTax Collections Program	51,894	25,013	24,197	2,684	0	44,414	22,104	20,101	2,209	0	7,480	2,909	4,096	475	0
6 Noncustodial Parent Demonstration Project	1,901	944	909	48	0	2,915	1,451	1,319	145	0	-1,014	-507	-410	-97	0
7 Child Support NonAssistance Collections	1,200,768	0	0	0	1,200,768	1,182,710	0	0	0	1,182,710	18,058	0	0	0	18,058
8 Basic Collections	1,160,522	0	0	0	1,160,522	1,151,189	0	0	0	1,151,189	9,333	0	0	0	9,333
9 State Investment Funds Project	1,194	0	0	0	1,194	0	0	0	0	0	1,194	0	0	0	1,194
10 FTB NonTax Collections Program	39,052	0	0	0	39,052	31,521	0	0	0	31,521	7,531	0	0	0	7,531
11 Noncustodial Parent Demonstration Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Child Support Other Collections	148,041	0	0	0	148,041	157,054	0	0	0	157,054	-9,013	0	0	0	-9,013
13 \$50 State Disregard Payments to Families	30,276	0	0	0	30,276	27,604	0	0	0	27,604	2,672	0	0	0	2,672
14 Collections for Other States - Assistance	19,957	0	0	0	19,957	31,198	0	0	0	31,198	-11,241	0	0	0	-11,241
15 Collections for Other States - NonAssistance	97,808	0	0	0	97,808	98,252	0	0	0	98,252	-444	0	0	0	-444

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

Budget Item	2001-02 GOVERNOR'S BUDGET					2000-01 INITIAL					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CHILD SUPPORT PROGRAM COLLECTIONS	2,327,752	396,464	385,052	42,614	1,503,622	1,980,700	318,985	290,075	31,876	1,339,764	347,052	77,479	94,977	10,738	163,858
2 Child Support Assistance Collections	824,130	396,464	385,052	42,614	0	640,936	318,985	290,075	31,876	0	183,194	77,479	94,977	10,738	0
3 Basic Collections	767,120	369,004	358,388	39,728	0	589,952	293,611	267,001	29,340	0	177,168	75,393	91,387	10,388	0
4 State Investment Funds Project	2,461	1,184	1,150	127	0	3,655	1,819	1,654	182	0	-1,194	-635	-504	-55	0
5 FTB NonTax Collections Program	52,056	25,040	24,320	2,696	0	44,414	22,104	20,101	2,209	0	7,642	2,936	4,219	487	0
6 Noncustodial Parent Demonstration Project	2,493	1,236	1,194	63	0	2,915	1,451	1,319	145	0	-422	-215	-125	-82	0
7 Child Support NonAssistance Collections	1,343,740	0	0	0	1,343,740	1,182,710	0	0	0	1,182,710	161,030	0	0	0	161,030
8 Basic Collections	1,303,371	0	0	0	1,303,371	1,151,189	0	0	0	1,151,189	152,182	0	0	0	152,182
9 State Investment Funds Project	1,194	0	0	0	1,194	0	0	0	0	0	1,194	0	0	0	1,194
10 FTB NonTax Collections Program	39,175	0	0	0	39,175	31,521	0	0	0	31,521	7,654	0	0	0	7,654
11 Noncustodial Parent Demonstration Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Child Support Other Collections	159,882	0	0	0	159,882	157,054	0	0	0	157,054	2,828	0	0	0	2,828
13 \$50 State Disregard Payments to Families	28,010	0	0	0	28,010	27,604	0	0	0	27,604	406	0	0	0	406
14 Collections for Other States - Assistance	22,033	0	0	0	22,033	31,198	0	0	0	31,198	-9,165	0	0	0	-9,165
15 Collections for Other States - NonAssistance	109,839	0	0	0	109,839	98,252	0	0	0	98,252	11,587	0	0	0	11,587

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

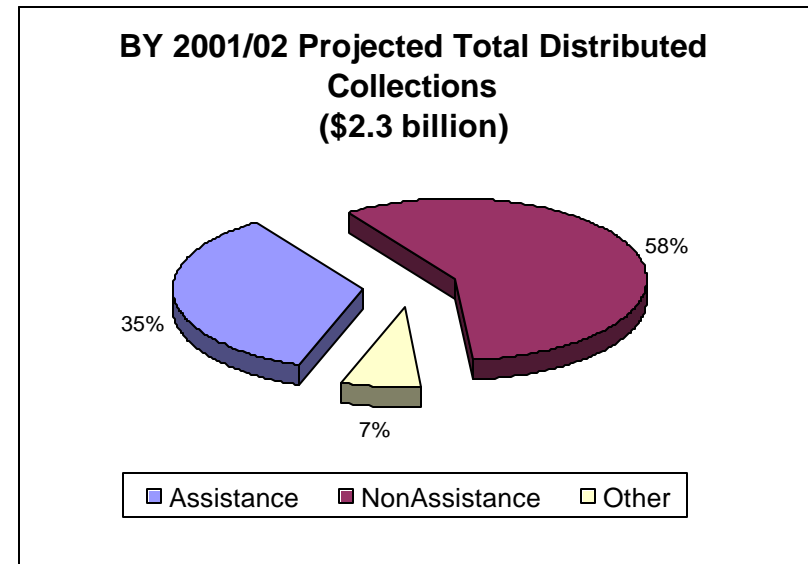
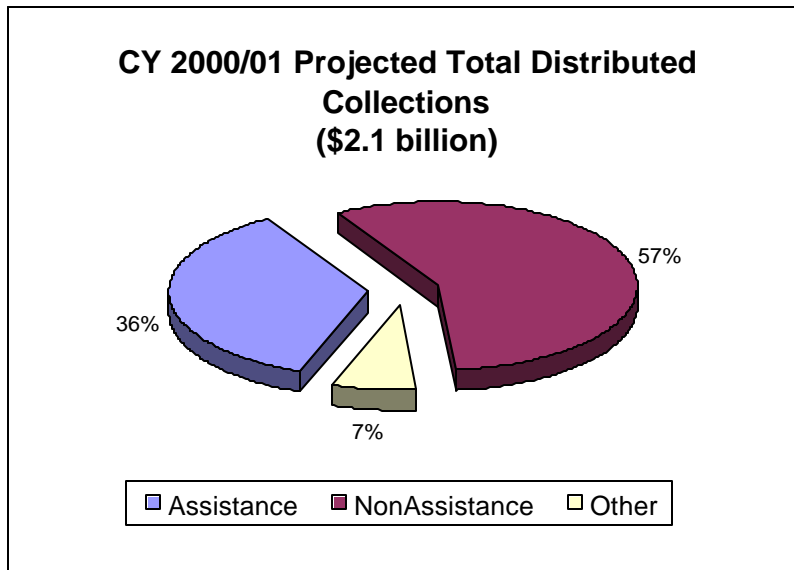
Budget Item	2001-02 GOVERNOR'S BUDGET					2000-01 NOVEMBER ESTIMATE					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CHILD SUPPORT PROGRAM COLLECTIONS	2,327,752	396,464	385,052	42,614	1,503,622	2,100,088	362,152	350,320	38,807	1,348,809	227,664	34,312	34,732	3,807	154,813
2 Child Support Assistance Collections	824,130	396,464	385,052	42,614	0	751,279	362,152	350,320	38,807	0	72,851	34,312	34,732	3,807	0
3 Basic Collections	767,120	369,004	358,388	39,728	0	695,023	335,009	324,066	35,948	0	72,097	33,995	34,322	3,780	0
4 State Investment Funds Project	2,461	1,184	1,150	127	0	2,461	1,186	1,148	127	0	0	-2	2	0	0
5 FTB NonTax Collections Program	52,056	25,040	24,320	2,696	0	51,894	25,013	24,197	2,684	0	162	27	123	12	0
6 Noncustodial Parent Demonstration Project	2,493	1,236	1,194	63	0	1,901	944	909	48	0	592	292	285	15	0
7 Child Support NonAssistance Collections	1,343,740	0	0	0	1,343,740	1,200,768	0	0	0	1,200,768	142,972	0	0	0	142,972
8 Basic Collections	1,303,371	0	0	0	1,303,371	1,160,522	0	0	0	1,160,522	142,849	0	0	0	142,849
9 State Investment Funds Project	1,194	0	0	0	1,194	1,194	0	0	0	1,194	0	0	0	0	0
10 FTB NonTax Collections Program	39,175	0	0	0	39,175	39,052	0	0	0	39,052	123	0	0	0	123
11 Noncustodial Parent Demonstration Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Child Support Other Collections	159,882	0	0	0	159,882	148,041	0	0	0	148,041	11,841	0	0	0	11,841
13 \$50 State Disregard Payments to Families	28,010	0	0	0	28,010	30,276	0	0	0	30,276	-2,266	0	0	0	-2,266
14 Collections for Other States - Assistance	22,033	0	0	0	22,033	19,957	0	0	0	19,957	2,076	0	0	0	2,076
15 Collections for Other States - NonAssistance	109,839	0	0	0	109,839	97,808	0	0	0	97,808	12,031	0	0	0	12,031

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

CHILD SUPPORT TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR FISCAL YEARS 2000/01 and 2001/02 NOVEMBER 2000 SUBVENTION

The charts below display California's current year (CY) 2000-01 and budget year (BY) 2001-02 child support total collections that are distributed to the state as revenue (**Assistance**), to the families (**NonAssistance**), and to other states and to families for the \$50 state disregard payments (**Other**).

- **Assistance Collections (\$751 million CY, \$824 million BY)** are revenue to the state, which reflects basic collections and new premises. Basic collections (\$695 million CY, \$767 million BY) are the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. New premises (\$56 million CY, \$57 million BY) are those collections that are associated with new enforcements activities that are above the basic ongoing functions of the LCSA, such as Franchise Tax Board non-tax collections, and demonstration projects.
- **NonAssistance Collections (\$1.2 billion CY, \$1.3 billion BY)** are collections that are made on behalf of families and sent to them. These collections are comprised of basic collections (\$1.1 billion CY, 1.3 billion BY) and new premises (\$40 million in CY and in BY).
- **Other Collections (\$148 million CY, \$160 million BY)** are comprised of assistance (\$20 million CY, \$22 million BY) and nonassistance (\$98 million CY, \$110 million BY) collections that are made on behalf of other states. Other collections also include the \$50 State Disregard Payment to families (\$30 million CY, \$28 million BY), which is the first \$50 of the current months child support payments collected and passed through to the custodial parents who are receiving assistance.



**CHILD SUPPORT TOTAL DISTRIBUTED COLLECTIONS
TREND ANALYSIS
NOVEMBER 2000 SUBVENTION**

Total child support collections have grown from \$1.2 billion in Fiscal Year (FY) 1996-97 to a projected level of \$2.3 billion in FY 2001-02. This represents a 95 percent overall growth rate.

The chart below reflects the actual and projected total basic collections and percentage increase by state fiscal years from 1995-96 to 2001-02.

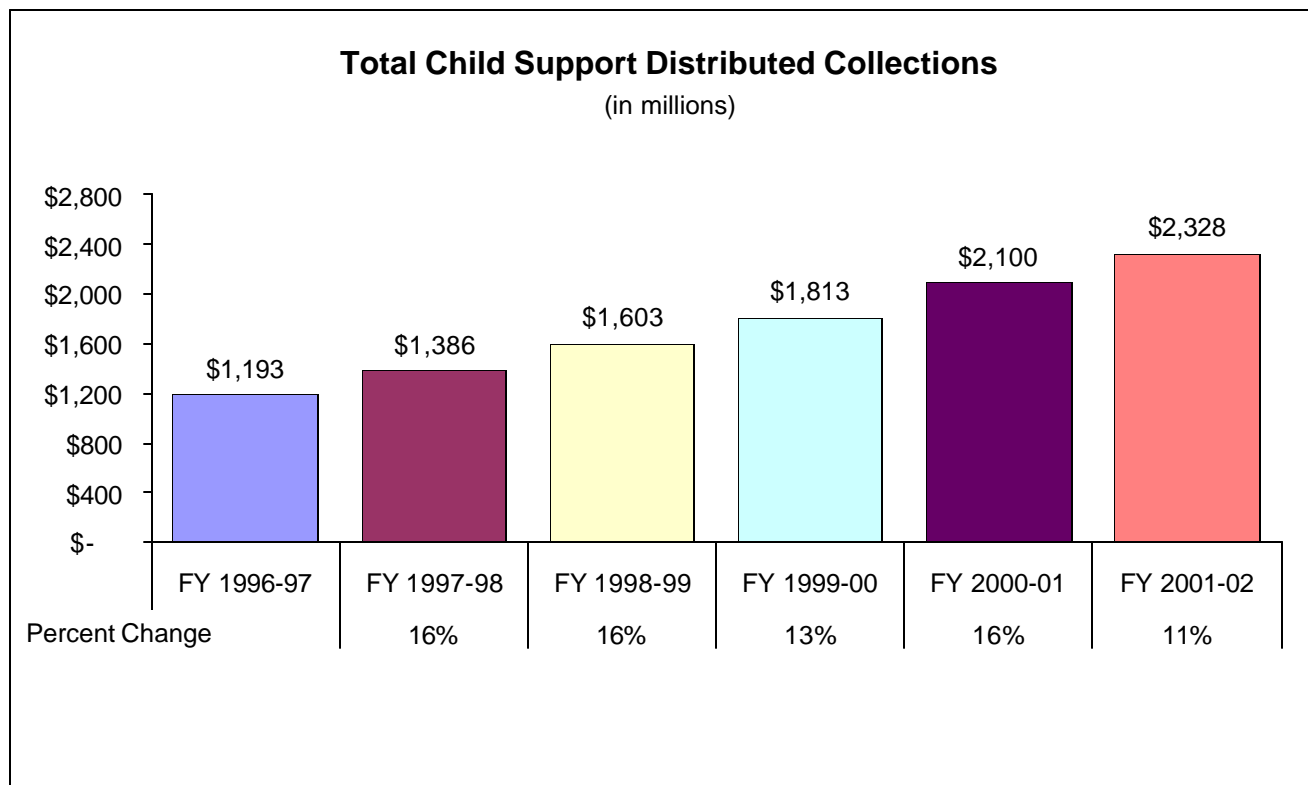


TABLE OF CONTENTS

LOCAL CHILD SUPPORT AGENCY BASIC COSTS	1
EDP CONVERSION AND ENHANCEMENTS	3
CALIFORNIA ARREARAGE MANAGEMENT PROJECT – COUNTY COSTS	7
INTERIM ACCESS FEDERAL CASE REGISTRY.....	9
BACKFILL THE LOSS OF FEDERAL FINANCIAL PARTICIPATION FOR COUNTY AUTOMATION	11
PUBLIC LAW 105-200 ALTERNATIVE FEDERAL PENALTY	13
SACSS CLOSEOUT AUDIT	17
COMPLIANCE REVIEW PROJECT.....	19
STATE INVESTMENT FUNDS PROJECT	21
HEALTH INSURANCE INCENTIVES	25
NONCUSTODIAL PARENT DEMONSTRATION PROJECT	27
SAN MATEO COUNTY NONCUSTODIAL PARENT DEMONSTRATION PROJECT	31
LOCAL AGENCY TRANSITIONS	33
PARTNERS FOR FRAGILE FAMILIES.....	35
FOSTER PARENT TRAINING FUND	37
TITLE IV-E CHILD SUPPORT COLLECTIONS	41
CHILD SUPPORT BASIC INCENTIVES	45
IMPROVED COLLECTIONS INCENTIVES (AB 196)	49
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM.....	51
CHILD SUPPORT PROGRAM – BASIC COLLECTIONS.....	53
\$50 STATE DISREGARD PAYMENT TO FAMILIES	57
FRANCHISE TAX BOARD NON-TAX COLLECTIONS PROGRAM.....	59

Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funds for the Local Child Support Agency (LCSA) basic administration and Electronic Data Processing (EDP) maintenance and operations (M&O) costs.

Child support administration costs are comprised of county staff and overhead. The LCSA staff carry out the Child Support Enforcement Program under Title IV-D of the Social Security Act. Their administrative duties include case intake and development, collection and distribution of child support, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents.

The EDP M&O funding enables the LCSA to continue their work in collecting child support in their respective counties.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) section 17710(a), and Welfare and Institution Code section 10085(a).

METHODOLOGY:

Administration:

- For Fiscal Year (FY) 2000-01, the estimated LCSA administration costs of \$661,864,000 was based on the child support 13.6 percent incentive pool, pursuant to FC 17704 (b) (B) (i), less the EDP M&O costs and information provided through individual county funding request and approval process. An adjustment was made to reduce the amounts for the county share of State Investment Funds, and San Mateo Demonstration Project premises. The county share was further reduced by \$12,104,000 with a corresponding reduction to the federal share as a result of the reduction of federal incentives. Additionally, the federal share was reduced by the Federal Parent Locator Services (FPLS) fees, \$318,000, which is not eligible for federal financial participation.
- For FY 2001-02, the administration costs of \$827,532,000 was based on the child support 13.6 percent incentive pool, pursuant to FC section 17704 (b) (B) (i), less the EDP M&O costs. An adjustment was made to reduce the amounts for the county share of State Investment Funds, and San Mateo Demonstration Project premises. The federal share was reduced by the FPLS fees, which is not eligible for federal financial participation.

EDP M&O:

- For FY 2000-01, the LCSAs' EDP M&O cost of \$98,180,000 was based on information provided through the individual county funding request and approval process. For FY 2001-02, the EDP M&O cost of \$103,089,000 was based on a five percent cost of doing business increase applied to FY 2000-01 estimated cost.

Local Child Support Agency Basic Costs

METHODOLOGY (Continued):

Basic Costs:

- The combined total of Administration and EDP M&O for FY 2000-01 is \$760,044,000 and for FY 2001-02 is \$930,621,000.

FUNDING:

The total costs are shared 66 percent federal and 34 percent county. The 34 percent county share is subsidized with the federal and state incentives earned from the State's total distributed collections as established pursuant to the funding provisions of FC section 17704 (b) (B) (i).

CHANGE FROM APPROPRIATION:

For FY 2000-01, the decrease is due to the change in the San Mateo County NCP Demo Project premise, the change in the federal incentives assumptions, and it reflects the reduction of the FPLS fees. Also, the Appropriation reflects the State Only Locate Enforcement Program premise rolled into Basic Administration.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2001-02 increase is due to the increase in the 13.6 percent incentive pool, which resulted from growth in the estimated distributed collections.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$760,044	\$930,621
Federal	501,527	614,088
State	0	0
County	258,517	316,533
Reimbursements	0	0

EDP Conversion and Enhancements

DESCRIPTION:

This premise reflects the costs associated with converting counties from existing legacy systems to one of the six approved consortia systems and implementing enhancements to existing county child support automation systems. If it is determined necessary, Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999), requires the local child support agencies to modify their current automation systems or change to a different system in order to meet the goal of statewide automation.

The California Department of Child Support Services (DCSS) is responsible for ensuring that all counties will have an automation system that will allow them to continue their child support services while the single statewide automated child support system is being developed and implemented.

The Statewide Automated Child Support System (SACSS), previously under development to comply with federal requirements, was terminated in November 1997. Cancellation of SACSS created a necessity for the State to implement interim alternative solutions to meet state and federal requirements. Counties had postponed implementing enhancements to their existing county systems in anticipation of SACSS. Some counties must now enhance existing systems, or convert to one of the approved consortia systems, in order to continue operating the child support enforcement program during this interim period.

IMPLEMENTATION DATE:

This premise was implemented on April 1, 1998.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institution (W&I) Code Section 10085
- The funding assumptions for Fiscal Year (FY) 2001-02 are consistent with W&I Code 10085 and reflect the State sharing in the counties' cost to meet mandated requirements and to convert to viable systems.

EDP Conversion and Enhancements

KEY DATA/ASSUMPTIONS (continued):

Conversions

- Effective July 1, 2000, the federal government recognized BEST and CHASER as approved interim child support systems. Seven counties will remain on these systems until the single statewide system is developed. The remaining counties that need to move to an interim child support system will convert to one of the original four federally approved consortia systems. In total, the federal and state governments recognize six approved interim consortia systems:
 - ◆ Computer Assisted Support Enforcement System (CASES);
 - ◆ Support Through Automated Resources/Keeping Integrated Data on System (STAR/KIDS);
 - ◆ Automated Child Support Enforcement System (ACSES) Replacement System (ARS);
 - ◆ KIDZ;
 - ◆ Best Enforcement Support Technology (BEST); and
 - ◆ Computer Has All Support Expertise Required (CHASER).
- Based on the current conversion schedules, the majority of remaining conversion costs will occur in FY 2000-01 with minor conversion costs occurring in FY 2001-02.
- Costs include the costs incurred by the county and/or the consortia to convert a county from its existing legacy system to one of the six approved systems.

Enhancements

- Enhancements needed for federal and state mandates, and other business needs, are included in this premise.

METHODOLOGY:

- The data for this estimate are from the following sources:
 - County input and surveys provided system enhancements and updated cost estimates for FY 2000-01 enhancements. Enhancement estimates for FY 2001-02 are based on historical experience gained from previous county input.
 - All conversion estimates (conversion, data cleanup, and training) for FYs 2000-01 and 2001-02 are based on historical experience gained from previous conversions, and county input.

EDP Conversion and Enhancements

FUNDING:

Costs for this premise are shared 66 percent federal and 34 percent General Fund (GF). However, the Administration of Children and Families (ACF) subsequently determined that although certain enhancements must be completed they were not eligible for Federal Financial Participation (FFP). The enhancement requests for FY 2000-01 were prioritized based on the criticality of each project within the authorized GF and approved FFP levels. Funding for those costs associated with enhancements denied by ACF would be 100 percent GF.

CHANGE FROM APPROPRIATION:

This estimate has been revised for FYs 2000-01 and 2001-02 to more accurately reflect costs expected for enhancements and conversions based on the APDU submitted August 15, 2000.

REASON FOR YEAR-TO-YEAR CHANGE:

- FY 2001-02 decreases as a result of the majority of conversion costs will occur in FY 2000-01.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$29,336	\$16,475
Federal	17,462	10,874
State	11,874	5,601
County	0	0
Reimbursements	0	0

California Arrearage Management Project – County Costs

DESCRIPTION

This premise reflects the local child support agency costs arising from implementation of the California Arrearage Management Project (CAMP). This will enable the local agencies to provide Franchise Tax Board (FTB) with the additional information required for this program.

Assembly Bill 196 (Chapter 478, Statutes of 1999) and Senate Bill 542 (Chapter 480, Statutes of 1999) requires FTB to manage the accounts receivable resulting from all child support delinquencies more than 60 days in arrears and more than \$100. CAMP is the technology solution to achieve the legislative mandate.

IMPLEMENTATION DATE

The implementation date is to be determined.

KEY DATA/ASSUMPTIONS

Authorizing statute: Family Code section 17500 and Revenue and Taxation Code section 19271.

METHODOLOGY

- The funding level was based on the assumption that data may reside on one or more platforms such as PCs, mainframes, or Unix systems, and may reside on multiple tables or files.
- The funding level was also based on FTB's experience with systems modifications similar to those that FTB anticipates the local agencies will have to make.
- The Title IV-D federal funding was denied for this project.

FUNDING

The Title IV-D federal funds was denied for this project.

CHANGE FROM APPROPRIATION

The decrease in FY 2000-01 is due to the Administration For Children and Families denial of federal financial participation.

REASON FOR YEAR-TO-YEAR CHANGE

There is no change.

California Arrearage Management Project – County Costs

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$0	\$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Interim Access Federal Case Registry

DESCRIPTION

This premise reflects the costs to fund reprogramming by three of the lead consortium local child support agencies to access the Federal Case Registry (FCR) until the State Case Registry (SCR) can be fully developed and implemented as part of the new statewide system. The interim system is an alternate way to access the FCR to obtain timely employer data on noncustodial parents who are newly employed outside of California and to identify case members in common with other states.

The SCR and the FCR were mandated by Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The SCR to FCR interface is an automated process that allows for the exchange of transactions concerning IV-D cases and non IV-D orders.

This premise also funds the local child support agency costs for sending out the family violence indicator notices to custodial and noncustodial parents to identify victims or potential victims of family violence. Restrictions are placed on the release of information from the FCR on those members coded for family violence.

IMPLEMENTATION DATE

This premise was implemented on July 1, 2000.

KEY DATA/ASSUMPTIONS

- Authorizing statute: Public Law 104-193 and Welfare and Institution Code section 16576.
- The notices (letter and questionnaire) for the Family Violence Indicator will be sent out to custodial and noncustodial parents. The costs for each of the notices include paper costs of \$0.0035, an envelope cost of \$0.024, and a first-class postage cost of \$0.33.
- The case count (1,966,085) is based on the Child Support Audit System report.
- Majority of counties will implement the mail notices in FY 2000-01.

METHODOLOGY

- For Fiscal Year (FY) 2000-01, the funding level for the total reprogramming costs of \$378,000 was based on approved funding for three of the lead consortium local agencies: Alameda (\$52,800), Los Angeles (\$200,000), and Riverside (\$125,000).
- The Family Violence Indicator notice and mailing costs of \$1,174,000 were based on cost information provided by San Francisco, which is one of the two pilot local child support agencies that implemented in Fiscal Year 1999-00. The funding level for FY 2000-01 is \$1,174,000 and for FY 2001-02 is \$249,000.
- The case count was approximately doubled to assume that each custodial and noncustodial parent in a case would receive the notice.

Interim Access Federal Case Registry

FUNDING

- This premise is funded with 66 percent federal Title IV-D funds and 34 percent State General Fund.

CHANGE FROM APPROPRIATION

There is no change in FY 2000-01.

REASON FOR YEAR-TO-YEAR CHANGE

The decrease cost in FY 2001-02 is due to no reprogramming cost and majority of counties will implement and mail the notices in FY 2000-01.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$1,552	\$249
Federal	1,024	164
State	528	85
County	0	0
Reimbursements	0	0

Backfill the Loss of Federal Financial Participation for County Automation

DESCRIPTION

This premise provides General Fund (GF) to replace the loss of Federal Financial Participation (FFP) in FY 2000-01 for nine local child support agency (LCSA) that are without federally approved Advanced Planning Documents as a result of the termination of the Statewide Automated Child Support System (SACSS) project in November 1997. In FY 2001-02, GF will be provided for three LCSA that are without FFP as a result of not being converted prior to the required date, August 31, 2001, which was set by the Administration for Children and Families. The federal government has agreed to provide Electronic Data Processing (EDP) maintenance & operations (M&O) funding for these LCSA once they convert to a federally approved interim consortia system.

IMPLEMENTATION DATE

This premise was implemented on July 1, 1999.

KEY DATA/ASSUMPTIONS

- Authorizing statute: Welfare and Institution Code section 10087.
- For FY 2000-01, expenditures for the nine LCSA EDP M&O (Calaveras, Glenn, Humboldt, Madera, San Benito, San Diego, San Joaquin, Tuolumne, and Yuba) are not eligible for FFP. This will result in a total reduction of federal funds and a corresponding increase in GF in the amount of \$3,496,000.
- For FY 2001-02, expenditures for the three LCSA EDP M&O (Fresno, Orange, and San Diego) are not eligible for FFP. This will result in a total reduction of federal funds and a corresponding increase in GF in the amount of \$4,335,000.

METHODOLOGY

The funding level for each of the LCSA was based upon their projected yearly EDP M&O, and then divided by the number of months each LCSA would remain on their legacy system during FY 2000-01 and FY 2001-02.

FUNDING

All costs are 100 percent GF with a corresponding reduction to the federal share of the designated child support EDP M&O premise.

CHANGE FROM APPROPRIATION

There is no change in FY 2000-01.

Backfill the Loss of Federal Financial Participation for County Automation

REASON FOR YEAR-TO-YEAR CHANGE

The increased costs in FY 2001-02 is based on the three LCSA projected EDP M&O costs. The State believed that ACF might allow FFP for these counties while operating on a legacy system once a conversion plan was in place, but ACF has now stated that FFP will not be available for these LCSA until the conversion to the interim system is completed.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$0	\$0
Federal	-3,496	-4,335
State	3,496	4,335
County	0	0
Reimbursements	0	0

Public Law 105-200 Alternative Federal Penalty

DESCRIPTION:

This premise reflects the alternative federal penalty for failure to complete the Statewide Automated Child Support System (SACSS) by the required date.

Due to the failure of SACSS, the Department became subject to federal fiscal penalties. Pursuant to Public Law 105-200, The Child Support Performance and Incentive Act of 1998, allows the Secretary of the Department of Health and Human Services to waive current penalties and impose an alternative penalty if states have made good faith efforts to meet the federal automation requirements.

Under the alternative penalty, the Department is penalized four percent of federal Child Support Enforcement Program administrative funds for Federal Fiscal Year (FFY) 1998, eight percent for FFY 1999, 16 percent for FFY 2000, 25 percent for FFY 2001, and 30 percent for FFY 2002 and each subsequent year, until the requirements are met.

IMPLEMENTATION DATE:

This premise was implemented in State Fiscal Year (SFY) 1999-00.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 10088(a).
- The FFY 1998 federal penalty imposed is based on the FFY 1997 administrative cost (\$299,102,000).
 - The FFY 1998 federal penalty rate is four percent.
- The FFY 1999 federal penalty imposed is based on the FFY 1998 administrative cost (\$336,854,000).
 - The FFY 1999 federal penalty rate is eight percent.
- The FFY 2000 federal penalty imposed is based on the FFY 1999 administrative cost (\$406,251,000).
 - The FFY 2000 federal penalty rate is 16 percent.
- The FFY 2001 federal penalty imposed is based on the estimated FFY 2000 administrative cost (\$454,096,000) information, dated November 29, 2000, provided by the Federal Administration for Children and Families.
 - The FFY 2001 federal penalty rate is 25 percent.

Public Law 105-200 Alternative Federal Penalty

KEY DATA/ASSUMPTIONS (continued):

- The FFY 2002 federal penalty imposed is based on an estimated FFY 2001 administrative cost (\$544,124,000), which was developed by applying a 21.1 percent growth rate to the estimated FFY 2000 administrative expenditures.
 - The FFY 2002 federal penalty is 30 percent.
 - The 21.1 percent growth rate was based on SFY 1999-00 actual expenditures over SFY 1998-99 actual expenditures.

METHODOLOGY:

- The SFY 2000-01 penalty estimated to be \$113,524,000 reflects the federal penalty imposed for FFY 2001. This was calculated by applying the FFY 2001 penalty rate of 25 percent against the estimated FFY 2000 administrative expenditures of \$454,096,000.
- The SFY 2001-02 penalty estimated to be \$163,237,000 reflects the federal penalty for FFY 2002. This was calculated by applying a 21.1 percent growth rate to the estimated FFY 2000 administrative expenditures resulting in an estimated FFY 2001 administrative expenditures of \$544,124,000. This was then multiplied by the FFY 2002 penalty rate of 30 percent.

FUNDING:

These costs are funded with 100 percent State General Fund.

CHANGE FROM APPROPRIATION:

The SFY 2000-01 was revised based on updated actual administrative costs.

REASON FOR YEAR-TO-YEAR CHANGE:

The penalty imposed in SFY 2001-02 is higher based on a higher penalty rate imposed and an estimated growth in administrative expenditures.

Public Law 105-200 Alternative Federal Penalty

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$0	\$0
Federal	-113,524	-163,237
State	113,524	164,237
County	0	0
Reimbursements	0	0

SACSS Closeout Audit

DESCRIPTION

This premise reflects the costs claimed and disallowed for 90 percent enhanced federal financial participation (FFP), which reverted to the regular 66 percent FFP based on the Statewide Automated Child Support Systems (SACSS) closeout audit. Also included are costs determined not to be eligible for any FFP.

The Office of Child Support Enforcement (OCSE) has conducted a financial closeout review of the SACSS automation project. The purpose of the review was to determine the eligibility of the costs claimed at the enhanced FFP match. The State is liable to reimburse the federal government the difference between the enhanced and the regular match rates for costs determined to be ineligible at the enhanced rate.

IMPLEMENTATION DATE

This premise will be implemented January 1, 2001.

KEY DATA/ASSUMPTIONS

Authorizing statute: Welfare and Institution Code section 10087.

METHODOLOGY

The estimated amount is based on the result of OCSE audit report.

FUNDING

Information from OCSE indicates a potential disallowance of \$17.0 million that will be 100 percent General Fund. The federal findings include costs ineligible for enhanced match of \$11.0 million as well as costs determined to be ineligible for any federal participation of \$6.0 million.

CHANGE FROM APPROPRIATION

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE

There is no cost in State Fiscal Year 2001-02.

SACSS Closeout Audit

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	County Admin
Total	\$0	\$0
Federal	-17,000	0
State	17,000	0
County	0	0
Reimbursements	0	0

Compliance Review Project

DESCRIPTION:

This premise provides funding for the county administrative costs associated with conducting self-reviews of the local child support agency's program compliance.

The federal Family Support Act of 1988 (Public Law 100-485) required states to meet specific Child Support Enforcement Program performance standards. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Section 342 (Public Law 104-93), requires states to conduct an annual self-assessment of program compliance. Further, Family Code Section 17702 (a) requires the California Department of Child Support Services (DCSS), on at least an annual basis, to assess each county's program compliance, using a statistically valid sample of cases and based on reviews conducted by the state or county, as determined by DCSS. Under Family Code Section 17710 (b), the State pays the nonfederal share of county administrative costs to conduct self-reviews, to implement corrective actions, to update procedures, to oversee ongoing compliance activity and to participate in training as appropriate. As of the current fiscal year, 52 counties have elected to conduct their own reviews.

In addition, this premise reflects funds for an internet based review tool, Child Support Electronic Compliance Review (CSECR) program. This review tool will allow the 52 self-review counties to compile, to compute, and to develop a report on the data from the reviews.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1992.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code sections 17702(a) and 17710(b).
- The county administrative cost of \$3,723,400 was based on the counties' approved FY 1993-94 county plans. Effective in FY 1999-00, the administrative funds were increased by the cost-of-doing-business (CODB) rates from FYs 1993-94 through 1998-99. This increase in funding allowed the expansion of the program to additional counties.
- The CODB percentages are:

FY 1993-94	2.4%	FY 1998-99	2.3%
FY 1994-95	1.1%	FY 1999-00	3.9%
FY 1995-96	1.1%	FY 2000-01	3.7%
FY 1996-97	1.1%	FY 2001-02	2.6%
FY 1997-98	2.3%		

Compliance Review Project

METHODOLOGY:

- The CODB rates from FYs 1993-94 through 2001-02 were applied to the FY 1993-94 level of funding.
- The projected funding levels will be \$4,441,000 for FY 2000-01, and \$4,556,000 for FY 2001-02. An additional \$97,000 was added to each fiscal year for the implementation cost of CSECR.

FUNDING:

The cost is funded with 66 percent federal Title IV-D funds and 34 percent State General Fund.

CHANGE FROM APPROPRIATION:

The increase cost for FY 2000-01 is due to the funding for CSECR.

REASON FOR YEAR-TO-YEAR CHANGE:

The CODB was applied to FY 2001-02.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$4,538	\$4,653
Federal	2,995	3,071
State	1,543	1,582
County	0	0
Reimbursements	0	0

State Investment Funds Project

DESCRIPTION:

This premise reflects the administrative costs and identifies the increased collections associated with counties who implement new projects or enhance existing child support collections processes.

Family Code section 17700 provides appropriation authority, as needed, for the investment of up to \$20 million from the State General Fund for county-operated child support activities. These special projects stimulate growth in funds collected. For this premise, to the extent that counties implement new or enhanced processes that directly result in increased child support collections, matching federal funds are also available.

There are two options of investment available to counties. The loan method, supported by only state and federal funds, requires that the amount of increased assistance collections generated be greater than the projected funds invested by the State. Counties through reduction of their incentive payments will reimburse collection shortages. The second method requires the county to match state dollars invested at the rate of \$0.50 for every state dollar; however, no repayment is mandated if collection amounts do not reach anticipated levels.

IMPLEMENTATION DATE:

This premise was implemented on December 1, 1992.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17700.
- Each participating county provided the projected cost and collections for the project to the Child Support Program Improvement Unit. The estimated administrative cost and collections are the sum total of these projected costs and collections.

METHODOLOGY:

- Fiscal Year (FY) 2000-01 administration costs are based on approved county project requests for Merced County under the match method, and Kings and Santa Clara counties under the loan method. These project costs are scheduled in the county administration section of this premise.
- Collections for both FYs 2000-01 and 2001-02 are based on approved county project requests for Merced, Kings, and Santa Clara counties. The county estimates its annual baseline collection level without state investment funds. The county then estimates a second enhanced collection level, which is due to state investment funds. The difference between the baseline and enhanced collection levels is the estimated total collections that are attributable to federal, state and county project funds invested. The total investment will produce additional assistance and nonassistance collections, as estimated by the participating county. The projected assistance collection increase is scheduled according to federal, state and county sharing ratios in the grant section of this premise.

State Investment Funds Project

METHODOLOGY (continued):

- The FY 2001-02 estimated administrative costs and collections were held at the FY 2000-01 level.

FUNDING:

For the county administration section of this premise, the Merced County project is funded by the match method, which is currently shared 66 percent federal, 22.7 percent state, and 11.3 percent county. The 11.3 percent county share is subsidized with the federal and state incentives earned from the State's total distributed collections as established pursuant to the funding provisions of Family Code section 17704.

Kings and Santa Clara counties' projects are funded by the loan method, which are funded 66 percent federal and 34 percent state. The assistance/foster care (FC) collections are shared based on the Federal Medical Assistance Percentage (FMAP). These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2000– Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	45.91%	45.31%
County	2.42%	2.44%
<u>ASSISTANCE Nonfederal:</u>		
Federal	0.00%	
State	95.00%	
County	5.00%	
<u>Foster Care (FC):</u>		
	July 2000– Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	19.33%	19.50%
County	29.00%	29.25%
<u>FC Nonfederal:</u>		
Federal	0.00%	
State	40.00%	
County	60.00%	

State Investment Funds Project

CHANGE FROM APPROPRIATION:

There is no change in the administrative cost for FY 2000-01. The collections decrease to reflect the split between assistance and nonassistance collections.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change in the administrative costs. The collections sharing distribution changed slightly due to the FMAP.

EXPENDITURES:

(in 000's)

	2000-01		2001-02	
	Collections	LCSA Admin.	Collections	LCSA Admin.
Total	\$2,461	\$1,465	\$2,461	\$1,465
Federal	1,186	967	1,184	967
State	1,148	458	1,150	458
County	127	40	127	40
Reimbursements	0	0	0	0
NonAssistance	1,194		1,194	

Health Insurance Incentives

DESCRIPTION:

This premise reflects the \$50 administrative incentive payment to the counties' Title IV-D program for identifying and obtaining third-party health coverage or insurance of beneficiaries available through non-custodial parents' health benefit plans.

Pursuant to Welfare and Institution Code section 14124.93, the Department of Child Support Services shall provide payments to the local child support agency (LCSA) of \$50 per case for obtaining third-party health coverage or insurance for applicants or recipients of Title IV-D services. A \$50 administrative incentive payment is paid once the health insurance coverage is obtained by the LCSA and the California Department of Health Services (CDHS) has been notified.

Health insurance includes medical, dental and vision coverage. Costs recovered through the health insurance coverage for Temporary Assistance For Needy Families (TANF)/Medi-Cal recipients are used to offset the costs of Medi-Cal benefits. Health insurance coverage for non-TANF cases results in cost avoidance of Medi-Cal expenditures. CDHS separately estimates budget savings related to this premise.

IMPLEMENTATION DATE:

This premise was implemented on October 1, 1993.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 14124.93.
- Fiscal Year (FY) 1997-98 actual expenditures were \$1,594,150.
- FY 1998-99 actual expenditures were \$1,871,955.
- The year-to-year expenditure growth rate from FY 1997-98 to FY 1998-99 was 17.4 percent.

METHODOLOGY:

- The FY 2000-01 estimate is based on the growth rate of 17.4 percent applied to FY 1998-99 actual expenditures. An expenditure growth rate of 17.4 percent was determined by comparing the FY 1998-99 actual payments to the FY 1997-98 actual payments.
- FY 2001-02 funding is held at the FY 2000-01 level.

FUNDING:

Costs for this premise are funded with 100 percent State General Fund.

CHANGE FROM APPROPRIATION:

There is no change.

Health Insurance Incentives

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$2,198	\$2,198
Federal	0	0
State	2,198	2,198
County	0	0
Reimbursements	0	0

Noncustodial Parent Demonstration Project

DESCRIPTION:

This premise displays the estimated local assistance costs of the Noncustodial Parent (NCP) Demonstration Project. Section 365 of the federal welfare reform law (Public Law 104-193) entitled “Work Requirements for Persons Owing Past-Due Child Support,” mandates that states adopt laws requiring individuals to participate in work activities as the court deems appropriate. Since January 1, 1997, state law (section 3558 of the Family Code) permits judges to order NCPs who have children receiving Temporary Assistance for Needy Families (TANF) Program benefits and who are appearing before the court due to the nonpayment of child support to attend job training and seek job placement and vocational rehabilitation services.

The California Department of Social Services (CDSS) had established pilot projects in 13 counties for a period of three years to determine whether providing enhanced services to nonpaying NCPs would increase child support collections. The project involves a cooperative effort at the State and local levels between the contractor, the local child support agency, the county welfare office, California Department of Child Support Services (DCSS), CDSS, and the Employment Development Department.

Family Code 17211 enacted by (Chapter 480, Statutes of 1999), transferred responsibility for the NCP Project to the DCSS, although it allowed the DCSS to contract with CDSS for development and implementation of the projects until fully implemented. Contracts for evaluations of the Phase I projects will continue to be maintained by CDSS.

IMPLEMENTATION DATE:

Implementation of the project takes place in two phases. Phase I (Contra Costa, Los Angeles, Napa, San Benito, San Francisco, Santa Barbara, and Santa Clara counties) implemented in December 1998. Phase II will be implemented in July 2001.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institution Code section 18205.5.
- The pilot projects may provide the following services: job search, vocation-specific education and training, intensive case management, transportation and other supportive services.

Child Support Administration

- The Title IV-D administrative funding for FY 2000-01 was held at the Appropriation level.
- The FY 2001-02 estimates was developed with a cost per participant, which was based on the Phase I counties FY 1999-00 expenditure data (\$824,726) and caseload (1,038) applied to the cost of doing business, 3.7 percent for FY 2000-01 and 2.9 percent for FY 2001-02.
 - The average annual administrative cost for Title IV-D activities is \$850 per participants.

Noncustodial Parent Demonstration Project

KEY DATA/ASSUMPTIONS (continued):

- The FY 2001-02 estimates also includes:
 - Title IV-D funds for Phase II start-up costs \$382,000.
- The number of participants varies depending upon the county. Statewide, the anticipated annual number of participants for Phase I is 2,195 for FY 2000-01, and 1,411 for FY 2001-02. An additional 780 participants are anticipated for Phase II in FY 2001-02.
- The TANF administration funding for employment services for FY 2000-01 and FY 2001-02 are displayed in the CDSS local assistance budget.

Child Support Collections

- It is assumed there will be 2,567 “smokeouts” from Phase I in FY 2000-01 and 1,151 in FY 2001-02 with an additional 922 ‘smokeouts’ from Phase II. “Smokeouts” are NCPs who are working and have not previously reported their income to child support officials, or they are NCPs who obtain jobs on their own as a result of a demonstration enforcement action (letter, contempt order) prior to being enrolled in the project.
- The lag time for “smokeouts” is assumed to be two months in order to modify the support order.
- A six-month lag time is assumed before collections will occur because the average time in employment training is four months, and it takes approximately two months to have a support order modified.
- Based on Los Angeles County’s experience with Parents’ Fair Share Demonstration Project, the following is assumed: 36.1 percent of the participants will pay child support after going through employment training; the average length of time paying child support is 18 months; and, the average monthly child support paid is \$91.

METHODOLOGY:

Administration Cost

- The Title IV-D administration funding for FY 2000-01 was held at the Appropriation level.
- For FY 2001-02, the projected Title IV-D administration costs are based on the average cost per participant (\$850) multiplied by the projected caseload for Phase I (1,411) and for Phase II (780). In addition, \$382,000 was added for Phase II start-up costs.

Noncustodial Parent Demonstration Project

METHODOLOGY (continued):

Child Support Collections

- The projected child support collections are based on estimates of Phase I and Phase II participants and “smokeouts” from the participating counties.
 - For FY 2000-01, the estimated collections of Phase I participants are \$808,000 and “smokeouts” are \$1,093,000. This results in a combined total of \$1,901,000.
 - For FY 2001-02, the estimated collections of Phase I participants are \$1,470,000 and “smokeouts” are \$953,000. The estimated collections of Phase II participants are \$45,000 and “smokeouts” are \$25,000. This results in a combined total of \$2,493,000.

FUNDING:

The project is funded with Title IV-D funds, with anticipated federal, state and county savings. The Title IV-D eligible activities are funded with 66 percent federal Title IV-D and 34 percent State General Fund. The assistance collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2000 – Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	45.91%	46.31%
County	2.42%	2.44%

ASSISTANCE Nonfederal:

Federal	0.00%
State	95.00%
County	5.00%

The TANF administration funding for employment services for FY 2000-01 and FY 2001-02 are displayed in the CDSS local assistance budget.

CHANGE FROM APPROPRIATION:

For FY 2000-01, there is no change in the administration costs. This premise has been updated based on the projected collections.

Noncustodial Parent Demonstration Project

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in FY 2001-02 administration cost is the effect of an anticipated decrease of Phase I participants due to Phase I ending December 31, 2001. The increase of collections reflects the continuation of collections from participants that began in FY 1999-00 and FY 2000-01, as well as collections from Phase II participants.

EXPENDITURES:

(in 000's)

	2000-01		2001-02	
	Collections	LCSA Admin.	Collections	LCSA Admin.
Total	\$1,901	\$2,894	\$2,493	\$2,243
Federal	944	1,910	1,236	1,480
State	909	984	1,194	763
County	48	0	63	0
Reimbursements	0	0	0	0

San Mateo County Noncustodial Parent Demonstration Project

DESCRIPTION:

This premise reflects the provision of budget authority to San Mateo County to receive the federal funds for the Employment, State Access and Visitation Program. The federal grant was under provisions of Section 469B of Title IV-D of the Social Security Act as amended by Title III of the Personal Responsibility and Work Opportunity Act of 1996 (Public Law 104-193).

The purpose of this demonstration project is to test whether or not providing supportive services to noncustodial parents (NCPs) will increase their voluntary child support payments and produce other positive benefits for the family. This is to be accomplished by establishing and administering programs to support and facilitate NCPs' access to and visitation of their children.

IMPLEMENTATION DATE:

This premise was implemented on September 30, 1997.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 18205.
- This three-year demonstration project was extended through August 31, 2001 by utilizing unspent federal funds.
- The FFY 2000 project cost is \$232,250.
- The FFY 2001 project cost is \$290,021.
- The FFY 2002 project cost is \$24,168.

METHODOLOGY:

- The State Fiscal Year (SFY) 2000-01 four quarters of the unspent federal fund is \$290,021.
- The SFY 2001-02 total estimate reflects the remaining one quarter of the FFY 2002 grant is \$24,168.

FUNDING:

The cost is funded at 66 percent federal Title IV-D funds, 29 percent federal Section 1115 grant, and 5 percent county funds. The five-percent county share is subsidized with the federal and state incentives earned from the State's total distributed collections as established pursuant to the funding provisions of Assembly Bill 1111 (Chapter 147, Statutes of 1999).

CHANGE FROM APPROPRIATION:

The SFY 2000-01 was adjusted to reflect four quarters of the unspent federal funds.

San Mateo County Noncustodial Parent Demonstration Project

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2001-02 reflects the remaining one quarter of federal funds.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$290	\$24
Federal	276	23
State	0	0
County	14	1
Reimbursements	0	0

Local Agency Transitions

DESCRIPTION:

This premise provides funds to the local child support agencies for their planning and preparation efforts for the anticipated transition.

Assembly Bill 196 (Chapter 478, Statutes of 1999) and Senate Bill 542 (Chapter 480, Statutes of 1999) requires each county to establish a county department of child support services referred to as the local child support agency (LCSA), to which the California Department of Child Support Services (DCSS) has delegated or with which DCSS has contracted, to secure child and spousal support, medical support, and determine paternity in a county pursuant to these provisions.

The LCSA transitions are to begin January 1, 2001, with at least 50 percent of the State cases to be transferred by January 1, 2002, and the remaining cases to be completed by January 1, 2003.

IMPLEMENTATION DATE:

This premise implemented on July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code sections 17304 and 17305.
- It is assumed that each local child support agency needs a transition consultant/planner for planning purposes at an average annual cost of \$50,000.
- It is assumed that half of the counties would transition the first year requiring an average cost of \$62,500, to change signage, forms, letterhead, etc.

METHODOLOGY:

- The funding level was based on local child support agency response to the Local Agency Transition survey in the FY 2000-01 County Funding Request process.
- The average cost of \$62,500 to change signage, forms, and letterheads is based on \$100,000 for a large size county, \$75,000 for a medium size county, \$50,000 for a small county, and \$25,000 for a very small county.

FUNDING:

The total costs are shared 66 percent federal Title IV-D funds and 34 percent State General Fund.

CHANGE FROM APPROPRIATION:

There is no change in FY 2000-01.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Local Agency Transitions

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$4,713	\$4,713
Federal	3,111	3,111
State	1,602	1,602
County	0	0
Reimbursements	0	0

Partners For Fragile Families

DESCRIPTION:

This premise reflects the provision of budget authority to Los Angeles County to receive federal funds for the Partners for Fragile Families (PFF) Demonstration Project. The federal grant is under provisions of Sections 454(1) and (2) of Title IV-D of the Social Security Act.

The purpose of the demonstration is to test the value and utility for the Child Support Enforcement Program of certain community-based services for young unmarried fathers to enable them better to provide financial, medical, and emotional support for their children and to encourage the formation or continuation of supportive relationships with the mothers of their children.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institution Code section 18205.
- This is a three-year demonstration project from July 1, 2000 through June 30, 2003.
- The State Fiscal Year (SFY) 2000-01 federal financial participation (FFP) of the project cost is \$350,000.
- The FFP of the project cost for SFY 2001-02 is \$350,000.
- The FFP of the project cost for SFY 2002-03 is \$299,000.
- The 34 percent matching funds are provided by the Ford Foundation.

METHODOLOGY:

- The Administration for Children and Families provided the amount of the FFP in their letter, dated March 29, 2000.

FUNDING:

The cost is funded 66 percent federal Title IV-D funds, and 34 percent matching funds from the Ford Foundation.

CHANGE FROM APPROPRIATION:

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Partners For Fragile Families

EXPENDITURES:

(in 000's)

	2000-01 LCSA Admin.	2001-02 LCSA Admin.
Total	\$350	\$350
Federal	350	350
State	0	0
County	0	0
Reimbursements	0	0

Foster Parent Training Fund

DESCRIPTION:

This premise reflects the cost of the Foster Parent Training Fund. Welfare and Institutions Code (W&IC) section 903.7(b) provides that the difference between the net state share of the estimated child support foster care (FC) collections and the base level of the FC estimated state share of total child support collections be transferred to the Foster Parent Training Fund.

The community colleges, in consultation with the California State Foster Parents Association and the California Department of Social Services, conduct the foster parent training programs. Training consists of teaching foster parents subjects including sibling rivalry, reuniting foster children with their parents, foster care regulations and child growth and development.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&IC section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state's share of basic distributed collections and the State's share of all of the child support collections premises, is \$14,053,000 for Fiscal Year (FY) 2000-01, and \$15,420,000 for FY 2001-02.
- The FC estimated state share of incentives is \$5,842,000 for FY 2000-01, and \$6,503,000 for FY 2001-02.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&IC section 903.7(b).

METHODOLOGY:

- The Foster Parent Training Fund estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$14,053,000 for FY 2000-01, and \$15,420,000 for FY 2001-02.
- The net state shares of FC collections, which are \$8,211,000 for FY 2000-01, and \$8,917,000 for FY 2001-02, are the result of deducting the estimated state shares of FC incentives, which are \$5,842,000 for FY 2000-01, and \$6,503,000 for FY 2001-02, from the State's estimated shares of total FC collections. The State FC base level of \$3,750,000 is then subtracted from the net state share of FC collections to identify the amounts to transfer to the Foster Parent Training Fund, which are \$4,461,000 for FY 2000-01, and \$5,167,000 for FY 2001-02.

FUNDING:

The actual transfer from child support FC collections to the Foster Parent Training Fund is 100 percent State General Fund.

Foster Parent Training Fund

CHANGE FROM APPROPRIATION:

This estimate was updated for the most recent estimated FC collections and incentives for FY 2000-01.

REASON FOR YEAR-TO-YEAR CHANGE:

The change in FY 2001-02 is based on the update for the most recent estimated FC collections.

EXPENDITURES:

(in 000's)

	2000-01 LCSA Admin.	2001-02 LCSA Admin.
Total	\$4,461	\$5,167
Federal	0	0
State	4,461	5,167
County	0	0
Reimbursements	0	0

Title IV-E Child Support Collections

DESCRIPTION:

This premise reflects the estimated federal share (Title IV-E) of Foster Care (FC) collections that reduces the federal share of FC expenditures at California Department of Social Services (CDSS).

The California Department of Child Support Services is responsible for reimbursing CDSS with the federal share of FC collections as reported to the federal government.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 2000.

KEY DATA/ASSUMPTIONS:

- It is assumed that 6.40 percent of the total assistance child support distributed collections are FC collections. This is based on actual collection data reported on the CS 800 Reports, Summary Reports of Child and Spousal Support Payments for FY 1999-00.
- It is assumed that 52.01 percent of the FC collections are federally eligible. This is also based on actual collection data reported on the FY 1999-00 CS 800 Reports.
- The Federal Medical Assistance Percentage (FMAP) is assumed to be 51.67 percent for the period July 1, 2000, through September 30, 2000, and 51.25 percent for the period October 1, 2000, through June 30, 2001.

METHODOLOGY:

- For each child support premise, the FC share of collections percentage (6.40 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 52.01 percent for each premise. The FMAP rate was then applied. The results for each premise were summed up to a total of \$12,803,000 for FY 2000-01 and \$14,011,000 for FY 2001-02 in the federal share of FC collections.
- The funding is shown as an administrative cost pass-through in the DCSS' budget and as an expenditure reduction in the CDSS' budget under FC Net Payments.

FUNDING:

This premise is funded at the FMAP rate.

CHANGE FROM APPROPRIATION:

This premise changed as a result of updating the estimated collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2001-02 increased due to an anticipated growth in collections.

Title IV-E Child Support Collections

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$12,803	\$14,011
Federal	12,803	14,011
State	0	0
County	0	0
Reimbursements	0	0

Child Support Basic Incentives

DESCRIPTION:

This premise reflects the federal and state child support incentives.

Effective October 1, 1999, the methodology for calculating state entitlement for federal child support incentives was changed by Public Law (P.L.) 105-200, the Child Support Performance and Incentive Act of 1998. The federal incentives that will be passed-on to California counties will no longer be a flat six percent of distributed collections. Furthermore, effective July 1, 1999, Assembly Bill (AB) 1111 (Chapter 147, Statutes of 1999) changed the way state child support incentives will be paid to counties. State incentives will now be used to fund net local child support agency administrative expenditures, after federal financial participation and federal incentives have been deducted.

Pursuant to AB 1111, a flat rate of 13.6 percent of statewide projected collections must be used to establish the funding pool in each state fiscal year. This pool comprises a combination of both federal and state incentive dollars available to fund county administrative expenditures and recurring and non-recurring electronic data processing maintenance and operation automation costs. The federal incentives are estimated based on the five performance measures; the State funds are what remains of the 13.6 percent pool after deducting estimated federal incentives.

IMPLEMENTATION DATE:

- AB 1111 implemented changes to the State child support incentive methodology effective July 1, 1999.
- P.L. 105-200 implemented changes to the federal child support incentive methodology effective October 1, 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17704.
- The combined federal and state incentive payment shall be 13.6 percent of the distributed collections. Distributed collections are those actually received by families or agencies providing assistance.
- The federal government pays incentives based on P.L. 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of two for all distributed collections made in current and former assistance cases. The Federal Fiscal Year (FFY) 1998 distributed collections were used from the federal Office of Child Support Enforcement Fiscal Year 98 Box Scores by States (Preliminary) report. The formula is as follows:

$$2 \times (\text{Current Support Collections} + \text{Former Assistance Collections}) + \text{Never Assistance Collections} = \text{the State Collection Base}$$

Child Support Basic Incentives

KEY DATA/ASSUMPTIONS (continued):

2. Performance Measures

The federal incentive methodology considers program performance in five areas to determine a state's incentive rate:

- Paternities Established
- Support Orders Established
- Current Support Collected

(The above three measures may each earn 1.00 percent of the collection base.)

- Cases Paying on Arrears
- Cost-Effectiveness

(The above two measures may each earn a maximum of 0.75 percent of the collection base.)

Based on the five areas to determine a state's incentive rate, the maximum rate that a state can receive is 4.5 percent. The rate for California is assumed at 2.71 percent for FY 2000-01 and 2.64 for FY 2001-02 based on their performance in each of the areas.

3. The Incentive Base Amount

The performance rate multiplied by the collection base equals the incentive base amount. California's incentive base amount was assumed to be \$62,411,000.

4. Comparison with Other States

The sum of all states' incentive base amounts is divided into each state's incentive base amount to determine the State's percentage of the available federal pool. Based on this calculation it was assumed that California's percentage for the available federal pool of funds would be 10.71 percent.

Child Support Basic Incentives

KEY DATA/ASSUMPTIONS (continued):

5. The Available Federal Incentive Pool

P.L. 105-200 established a set pool of available incentive funds for each federal fiscal year through FFY 2008. After FFY 2008, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts:

- FFY 2000 \$422,000,000
- FFY 2001 \$429,000,000
- FFY 2002 \$450,000,000
- FFY 2003 \$461,000,000
- FFY 2004 \$454,000,000
- FFY 2005 \$446,000,000
- FFY 2006 \$458,000,000
- FFY 2007 \$471,000,000
- FFY 2008 \$483,000,000

6. Determining the States Incentive Entitlement

The State's percentage of the available pool, as determined in number 5, is multiplied by the available federal pool in the applicable federal fiscal year to determine the State's entitlement to federal incentives. It is assumed that California would be entitled to \$46,656,000 in FY 2000-01 and \$47,626,000 in FY 2001-02 in federal incentives.

7. Phase-in

P.L. 105-200 established that in FFY 2000, two-thirds of the State's incentive will be paid using the old methodology of six percent, and one-third will be paid using the new methodology. In FFY 2001, one-third of the incentive will be paid using the old methodology and two-thirds will be paid using the new methodology. In FFY 2002, full implementation begins.

METHODOLOGY:

- Incentives are paid on 13.6 percent of estimated distributed collections. For State Fiscal Year (SFY) 2000-01, distributed collections are estimated at \$650,738,000 for assistance and \$1,290,523,000 for nonassistance. In SFY 2001-02, the collections are estimated at \$874,173,000 for assistance and \$1,453,579,000 for nonassistance.
- The federal incentives are estimated using the new methodology under P.L. 105-200. For SFY 2000-01, the federal incentives are \$46,656,000, and for SFY 2001-02, the federal incentives are \$47,626,000.

Child Support Basic Incentives

METHODOLOGY (continued):

- The State incentives are what remains of the 13.6 percent pool after deducting estimated federal incentives. For SFY 2000-01, the State incentives are \$211,915,000, and for SFY 2001-02, the State incentives are \$268,948,000.

FUNDING:

The federal incentives are estimated using the new methodology under P.L. 105-200. The State incentives are what remains of the 13.6 percent pool after deducting estimated federal incentives. The federal and state incentives will fund administrative costs incurred by local child support agencies.

CHANGE FROM APPROPRIATION:

The SFY 2000-01 estimate decreased due to the change in assumptions of available pool for federal incentives.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2001-02 estimate increased due to the estimated collections, which results in the 13.6 percent incentive pool increase.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$0	\$0
Federal	46,656	47,626
State	211,915	268,948
County	-258,571	-316,574
Reimbursements	0	0

Improved Collections Incentives (AB 196)

DESCRIPTION:

This premise reflects the incentives for local child support agencies (LCSAs) with the ten highest welfare and former welfare collections standards pursuant to Assembly Bill 196 (Chapter 478, Statutes of 1999).

These LCSAs would receive an additional five percent of the State's share of their collections that are used to reduce or repay aid. The counties are encouraged to use the increased recoupment to continue to increase child support collections in the county.

IMPLEMENTATION DATE:

This premise implemented on July 1, 2000.

KEY DATA/ASSUMPTIONS :

Authorizing statute: Family Code section 17706.

METHODOLOGY:

- The welfare and former welfare collections standards have not been established.
- The ten LCSA were based on the FY 1998-99 performance scores computations, which were a result of the total California Work Opportunity and Responsible to Kids (CalWORKs) collections divided by the average number of CalWORKs cases.
- For FY 2000-01, the estimate reflects the ten LCSA's five percent of their FY 1998-99 state share of child support assistance collections. The estimate was held at the Appropriation level.
- FY 2001-02, the estimates was not updated because the performance standard for purposes of FC Section 17706 has not been established.

FUNDING:

These costs are 100 percent State General Fund.

CHANGE FROM APPROPRIATION:

There is no change to SFY 2000-01.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Improved Collections Incentives (AB 196)

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin
Total	\$1,159	\$1,159
Federal	0	0
State	1,159	1,159
County	0	0
Reimbursements	0	0

California Child Support Automation System

DESCRIPTION:

This premise reflects the federal funds pursuant to Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999) as a pass through to Franchise Tax Board (FTB) for the development and implementation of the California Child Support Automation System (CCSAS).

Pursuant to Welfare and Institution Code (W&IC) section 10080(b)(3), FTB has been designated, as California Department of Child Support Services' agent, as the entity responsible for the procurement, development, implementation, and maintenance of the single statewide automated system in accordance with the state's child support (Title IV-D) plan.

Based on the new direction for child support automation as specified in AB 150, the General Fund (GF) resources associated with statewide implementation, contract and consultant costs for new system planning and development, concept development and verification, project management and support, and independent verification and validation were transferred to FTB. In FY 2000-01, the DCSS became the single state agency for the Title IV-D funds. Therefore, federal funds for CCSAS are budgeted by DCSS and passed through as a reimbursement to FTB.

IMPLEMENTATION DATE:

This premise was implemented in September 1999.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Welfare and Institutions Code section 10080.

METHODOLOGY:

Legislation transferred the responsibility for the development and implementation of the single statewide automated system for the child support program from Health & Human Service Data Center to FTB. The estimated federal funds for CCSAS for FY 2000-01 is \$14,726,000, and \$13,541,000 for FY 2001-02.

FUNDING:

The Title IV-D federal funds pass through for CCSAS represents 80 percent enhanced funding for project planning costs through September 31, 2001. The 66 percent regular funding represents CCSAS planning costs not eligible for the 80 percent enhanced reimbursement, such as, project staff development training, and independent validation and verification contracted services.

CHANGE FROM APPROPRIATION:

In FY 2000-01, the decrease cost is based on the federal and state funding need.

California Child Support Automation System

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in FY 2001-02 is based on the reduction of enhanced funding.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	LCSA Admin.	LCSA Admin.
Total	\$14,726	\$13,541
Federal	14,726	13,541
State	0	0
County	0	0
Reimbursements	0	0

Child Support Program – Basic Collections

DESCRIPTION:

This premise reflects the revenue from the basic distributed child support collections whether it is distributed to the state as revenue, to the families, or to other states.

Basic collections represent the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. Besides child support payment data, significant factors that affect basic collections include minimum award, wage assignments, and intercepts. The Franchise Tax Board (FTB) non-tax collections and the \$50 State Disregard Payments to Families are reflected as separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 11477.
- The child support payment data for assistance collections are based on the counties' monthly CS 800 Reports, Summary Report of Child and Spousal Support Payments, beginning with January 1997 through June 2000.
- The child support payment data for nonassistance are based on the counties' monthly CS 820 Reports, Child/Family/Spousal and Medical Support Collections and Non-Assistance Distributions and Disbursements Summary, beginning with January 1996 through June 2000.
- The child support collections to other states data are based on the counties' FY 1999-00 CS 820 Reports.

METHODOLOGY:

- Assistance actual distributed collections are reported monthly on the CS 800 Reports. Actuals from the CS 800 Reports, less FTB non-tax assistance collections and \$50 Disregard payments to families, were used to construct a 42 month trend from January 1997 through June 2000.
- Nonassistance actual collections are reported monthly on the CS 820 Reports. Actuals from the CS 820 Reports, less the FTB non-tax nonassistance collections, were used to construct a 54-month trend from January 1996 through June 2000.
- Assistance collections for other states are reported on the CS 820 Reports. For FY 2000-01, the FY 1999-00 actuals were used and an 18.1 percent growth was applied, which resulted in a projection of \$19,957,000. For FY 2001-02, the FY 2000-01 estimated collections for other states was multiplied by a 10.4 percent growth, which resulted in \$22,033,000. The growth rates were based on the California's assistance projected trend growth.

Child Support Program – Basic Collections

METHODOLOGY (CONTINUED):

- Nonassistance collections for other states are reported on the CS 820 Reports. For FY 2000-01, the FY 1999-00 actuals were used and a 14.2 percent growth was applied, which resulted in a projection of \$97,808,000. For FY 2001-02, the FY 2000-01 estimated collections for other states was multiplied by a 12.3 percent growth, which resulted in \$109,839,000. The growth rates were based on the California's nonassistance projected trend growth.

FUNDING:

Collections made on behalf of nonassistance families are forwarded directly to custodial parents. Collections made on behalf of other states are forwarded directly to other states for distribution.

Collections for assistance families, less the \$50 disregard payment to families, are retained and serve as recoupment of costs. The assistance collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2000 – Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	45.91%	46.31%
County	2.42%	2.44%
<u>ASSISTANCE Nonfederal:</u>		
Federal	0.00%	
State	95.00%	
County	5.00%	
<u>Foster Care (FC):</u>	Oct. 1999 – Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	19.33%	19.50%
County	29.00%	29.25%
<u>FC Nonfederal:</u>		
Federal	0.00%	
State	40.00%	
County	60.00%	

Child Support Program – Basic Collections

CHANGE FROM APPROPRIATION:

The FY 2000-01 estimate was updated for the most recent actual assistance distributed collections data from the CS 800 Reports. The tables are now reflecting the nonassistance collections and collections for other states.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2001-02 increase is due to an anticipated growth in collections.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	Collections	Collections
Total	\$695,023	\$767,120
Federal	335,009	369,004
State	324,066	358,388
County	35,948	39,728
Other	0	0
Nonassistance	1,160,522	1,303,371
Collections For Other States		
- Assistance	19,957	22,033
- Nonassistance	97,808	109,839

\$50 State Disregard Payment to Families

DESCRIPTION:

This premise reflects the funds for the \$50 state disregard payments to families.

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKS) grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Forwarding the disregard portion of the collection to the family instead of retaining it as revenue to the state results in lost collection revenues.

Under the provision of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the federal government discontinued federal financial participation in the disregard payment to the family as of October 1, 1996. Therefore, this premise reflects the cost for the State to fund the entire \$50 disregard payment to the custodial parent.

IMPLEMENTATION DATE:

This premise was implemented in Fiscal Year (FY) 1984-85.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17504.
- The child support payment data are based on the counties' monthly CS 800 Reports, Summary Report of Child and Spousal Support Payments, beginning with January 1996 through June 2000.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 800 Report. The disregard is paid when the current child support collection is distributed.
- The forecast was generated utilizing 54 months of data from the CS 800 Reports, from January 1996 through June 2000.

FUNDING:

- The costs associated with the \$50 disregard are 100 percent State General Fund. The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) maintenance of effort requirement (MOE).
- For FYs 2000-01 and 2001-02, the costs are reflected in California Department of Social Services' budget as additional TANF/MOE expenditures.
- Costs are reflected in California Department of Child Support Services' collections tables to display amount of collections that are paid to the families.

\$50 State Disregard Payment to Families

CHANGE FROM APPROPRIATION:

The estimate was updated for the most recent actual disregard payments from the CS 800 Reports.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2001-02 decrease is due to a projected decrease in the number of actual payments.

EXPENDITURES:

(in 000's)

	2000-01	2001-02
	Collections	Collections
Total	\$30,276	\$28,010
Federal	0	0
State	0	0
County	0	0
Other	30,276	28,010

Franchise Tax Board Non-Tax Collections Program

DESCRIPTION:

This premise reflects the increased non-tax collections obtained by the Franchise Tax Board (FTB) resulting from the collections from cases that are delinquent in child support payments by 60 days. The FTB sends demand for payment notices and processes bank and wage levies on accounts for child support collections based on county referrals.

Pursuant to Assembly Bill (AB) 3589 (Chapter 1223, Statutes of 1992), district attorney offices in the counties of Ventura, Los Angeles, Santa Clara, Solano, Nevada, and Fresno volunteered to work with the FTB to design, test and implement a pilot child support collections program. As of December 1993, these pilot counties became fully operational with this program. AB 923 (Chapter 906, Statutes of 1994) authorized expansion of the FTB Collections Program statewide by December 31, 1996.

AB 1395 (Chapter 614, Statutes of 1997) mandated the district attorney offices to refer all child support cases that are delinquent by 90 days to the FTB for collection effective January 1, 1998.

AB 702 (Chapter 697, Statutes of 1997) required a data match system between the FTB and financial institutions doing business in the State. Its purpose is to discover otherwise unknown assets of delinquent child support obligors. The system has been mandated by federal mandate, Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

FTB support costs are funded through the Department's state operations at 66 percent federal financial participation and 34 percent State General Fund and are passed on to FTB through an interagency agreement.

IMPLEMENTATION DATE:

- March 1, 1993 – Volunteer case referrals
- January 1, 1998 – 90-day delinquent cases
- July 1, 1998 – Financial Institution Data Match (FIDM) system

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17501; Revenue and Taxation Code sections 19271.5(a) and 19271.6.
- The estimated collections were provided by FTB based on historical data.
- The distribution ratio of 94.9 percent is based on FTB's historical data from the period of December 1993 to June 2000.
- The assistance ratio of 57.06 percent and the nonassistance ratio of 47.94 percent are based on FTB's historical data from the period of December 1993 to June 2000.

Franchise Tax Board Non-Tax Collections Program

KEY DATA/ASSUMPTIONS (CONTINUED):

Non-FIDM Collections

- Collections are based on demands, bank levies, wage levies, out-of-state referral notices, and out-of-state contract collections.

FIDM Collections

- Collections are based on data provided by FTB as a result of initial banks and other financial institutions' participation.

METHODOLOGY:

Non-FIDM Collections

- The estimated collections from demands are \$4,170,000 for Fiscal Year (FY) 2000-01, and \$3,773,000 for FY 2001-02.
- The estimated collections from bank levies are \$2,459,000 for FY 2000-01, and \$3,077,000 for FY 2001-02.
- The estimated collections from wage levies are \$61,334,000 for FY 2000-01, and \$61,354,000 for FY 2001-02.
- The estimated collections from out-of-state referral notices are \$297,000 for FY 2000-01, and \$228,000 for FY 2001-02.
- The estimated collections from out-of-state contract collections are \$1,844,000 for FY 2000-01, and \$1,956,000 for FY 2001-02.
- The sum total of all the actions for non-FIDM collections is \$70,100,000 for FY 2000-01, and \$70,400,000 for FY 2001-02.

FIDM Collections

- The estimated collections for FIDM are \$25,700,000 for FY 2000-01, and \$25,700,000 for FY 2001-02, based on data provided by FTB as a result of initial banks and other financial institutions' participation.

Net Collections

- For FY 2000-01, the combined total of non-FIDM collections (\$70,100,000) and FIDM (\$25,700,000) is \$95,800,000. This total was multiplied by the distribution ratio of 94.9 percent to determine the distributed collections (\$90,946,000). This amount was multiplied by the assistance ratio of 57.06 percent resulting in an assistance collection amount of \$51,894,000. The distributed collection amount (\$90,946,000) was also multiplied by the nonassistance ratio of 47.94 percent resulting in an nonassistance collection amount of \$39,052,000.

Franchise Tax Board Non-Tax Collections Program

METHODOLOGY (CONTINUED):

- For FY 2001-02, the combined total of non-FIDM collections (\$70,400,000) and FIDM (\$25,700,000) is \$96,100,000. This total was multiplied by the distribution ratio of 94.9 percent to determine the distributed collections (\$91,231,000). This amount was multiplied by the assistance ratio of 57.06 percent resulting in an assistance collection amount of \$52,056,000. The distributed collection amount (\$91,231,000) was also multiplied by the nonassistance ratio of 47.94 percent resulting in a nonassistance collection amount of \$39,175,000.

FUNDING:

The assistance collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2000– Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	45.91%	46.31%
County	2.42%	2.44%

ASSISTANCE Nonfederal:

Federal	0.00%
State	95.00%
County	5.00%

<u>Foster Care (FC):</u>	July 2000– Sept. 2000	Oct. 2000 – June 2001
Federal	51.67%	51.25%
State	19.33%	19.50%
County	29.00%	29.25%

FC Nonfederal:

Federal	0.00%
State	40.00%
County	60.00%

Franchise Tax Board Non-Tax Collections Program

CHANGE FROM APPROPRIATION:

The FY 2000-01 estimate was updated for the most recent actual collection data.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2001-02 increase is due to an anticipated growth in collections.

EXPENDITURES:

(in 000's)

Assistance	2000-01	2001-02
	Collections	Collections
Total	\$51,894	\$52,056
Federal	25,013	25,040
State	24,197	24,320
County	2,684	2,696
Other	0	0
NonAssistance	39,052	39,175